

December 2018

		Fund			S&P500 Index	
		<i>Performance</i>	<i>Inception to Date</i>		<i>Performance</i>	<i>Inception to Date</i>
2005		+14.01%	+14.01%		+4.78%	+4.78%
2006		+16.91%	+33.29%		+13.62%	+19.05%
2007		+4.06%	+38.70%		+3.53%	+23.25%
2008		-47.99%	-27.86%		-38.49%	-24.18%
2009		+42.74%	+2.97%		+23.45%	-6.40%
2010		+24.94%	+28.65%		+12.78%	+5.57%
2011		+1.79%	+30.96%		0.00%	+5.56%
2012		+24.17%	+62.61%		+13.41%	+19.71%
2013		+42.96%	+132.46%		+29.60%	+55.15%
2014		+3.92%	+141.59%		+11.39%	+72.82%
2015		-2.10%	+136.51%		-0.73%	+71.56%
2016		+31.95%	+212.07%		+9.54%	+87.93%

	<i>MTD</i>	<i>YTD</i>	<i>ITD</i>	<i>MTD</i>	<i>YTD</i>	<i>ITD</i>
2017	-2.99%	+13.43%	+254.00%	+0.98%	+19.42%	+124.42%
Jan 2018	+0.09%	+0.09%	+254.32%	+5.62%	+5.62%	+137.03%
Feb 2018	-3.81%	-3.72%	+240.81%	-3.89%	+1.50%	+127.80%
Mar 2018	+1.82%	-1.97%	+247.02%	-2.69%	-1.22%	+121.67%
Apr 2018	+1.21%	-0.79%	+251.21%	+0.27%	-0.96%	+122.28%
May 2018	+3.28%	+2.47%	+262.74%	+2.16%	+1.18%	+127.08%
Jun 2018	+1.38%	+3.89%	+267.76%	+0.48%	+1.67%	+128.18%
July 2018	+0.32%	+4.22%	+268.95%	+3.60%	+5.34%	+136.40%
Aug 2018	+1.68%	+5.98%	+275.16%	+3.03%	+8.52%	+143.55%
Sep 2018	-3.41%	+2.36%	+262.37%	+0.43%	+8.99%	+144.60%
Oct 2018	-10.96%	-8.86%	+222.64%	-6.60%	+1.43%	+127.62%
Nov 2018	-0.21%	-9.05%	+221.95%	+1.79%	+3.24%	+131.69%
Dec 2018	-12.52%	-20.44%	+181.65%	-9.18%	-6.24%	+110.42%

In December, the Fund fell by 12.52% and the S&P500 fell by 9.18% in its worst December since 1931. The stability we saw last month was washed away in a generalised sell-off

which affected all sectors. The driving force of the decline is the fear of how it all ends if everything goes wrong. We have been in the cross-hairs.

Our portfolio thrives with the heartlands, whether this is expressed through community banks or little businesses making things for consumers or industry. The relative strength has been in consumer stocks, health care, utilities and REITs, principally for their lower volatility. The market is anticipating recession and so big has outperformed small and growth has outperformed value. Technology, being in the best quadrant here, was the best place to be in 2018 but its high ratings had it down in line in December. As for us, this was our worst year, relatively, and our closest indices were also poor. For instance, the community bank index was down 14.5% on the month and 17.7% on the year.

We are left with many stocks on single figure multiples, some of which have more than halved in 2018. The pessimistic case is they are on peak earnings and disaster awaits but provided there is low debt I feel it is unreasonable to sell now. We were not positioned for recession. In the past we have always got it back efficiently but I am sorry we are more than participating on the downside beforehand. The timing of the turn depends on how bad it actually gets but some indicators have already flashed extremes exceeded only by 2008 and 1974 in recent times. I feel we are currently commensurate with the extent of the 1990 sell-off and we will remain fully invested.

Risk Warnings and Other Important Information

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The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITSIII).

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